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23 October 1953

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Copy No. 84

CURRENT INTELLIGENCE BULLETIN

DOCUMENT NO. 36
NO CHANGE IN CLASS. ☒
☐ DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2009
AUTH: HR 70-2
DATE: 20/12/79 REVIEWER:

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Office of Current Intelligence

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DIA and DOS review(s) completed.

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SUMMARY

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SOUTHEAST ASIA

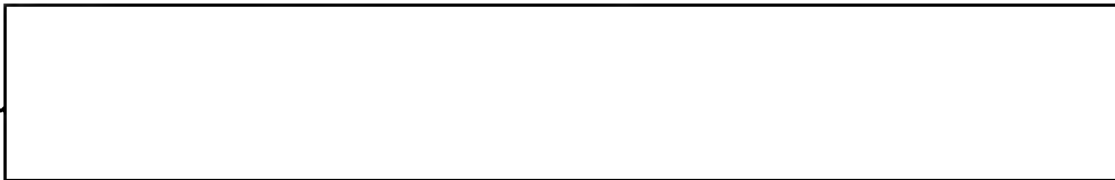
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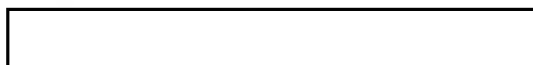
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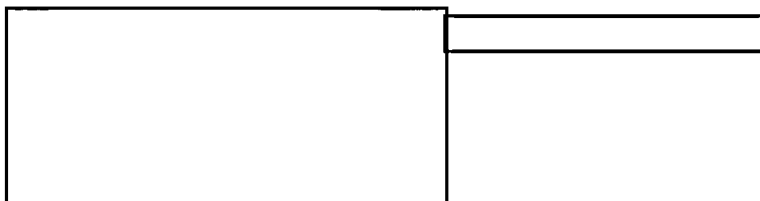
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SOUTHEAST ASIA

2. French commander depicts south Tonkin operations as overplayed in press:

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General Cogny, commander in Tonkin, on 20 October depicted French operations in southern Tonkin as less daring in concept and execution than press accounts indicate.

On that date the French forces were dug in at a provincial crossroads, waiting for a major Viet Minh attack.

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Meanwhile, Governor Tri states that the situation immediately to the rear of the French position continues to deteriorate, and that there has been an upsurge of Viet Minh activity throughout the delta, causing appreciable losses among French Union forces.

Comment: The American army attache considers French actions in the current operations to be reminiscent of General Salan's defensive tactics, which ostensibly were repudiated by General Navarre.

The quick reappearance of Viet Minh forces in areas "cleared" by the French remains one of the major problems of the Indochina war effort.

3. Burmese minister says USSR and China have offered to buy Burma's rice:

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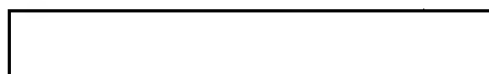


The Soviet Union and Communist China have offered to purchase most of Burma's rice surplus for several years if such strategic materials as wolfram, zinc and lead are included in the deal, according to cabinet minister U Kyaw Nyein.

Kyaw Nyein commented to Ambassador Sebald that the long-range consequences of such a deal would be disastrous for Burma. He stated, however, that Burma faces a difficult problem in disposing of its rice surplus and that powerful elements in the cabinet favor accepting the Communist offer. He then asked the ambassador whether the US could help in disposing of Burmese rice through subsidizing purchases by friendly powers.

Comment: Burma has approximately 700,000 tons of unsold rice in storage and a new crop is being harvested.

The USSR, in line with its increased emphasis on consumer goods availability, has been coupling its usual offers for strategic items with new offers to import substantial quantities of foodstuffs and other consumer items. The fact, however, that wolfram, a surplus commodity in the Orbit,



was allegedly requested, that rice is currently a major Chinese export, and that Kyaw Nyein made no reference to the method of payment, raises some doubt that any such offer as described was made.

NEAR EAST - AFRICA

4. Anglo-Egyptian negotiators fail to resolve disputed issues:

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[REDACTED] During a six-hour meeting on 21 October, Anglo-Egyptian negotiators again failed to reach agreement on the basic issues of future availability of the Suez base, uniforms for British technicians, and the schedule for the progressive reduction in number of these technicians, according to Egyptian foreign minister Fawzi.

Fawzi told Ambassador Caffery that general accord was reached, however, on seven years as the duration of the agreement, on aviation matters, and on a preamble statement on the Suez Canal. The foreign minister also stated that Egypt accepted British requirements for organization of the base.

Despite previous reports that the meeting would be final and "decisive," both sides have indicated their willingness to hold further talks.

Comment: Although no date has been set for the next meeting, the present mood of both governments suggests that final settlement may ultimately be achieved.

5. Comment on Arab League meeting on Palestine:

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[REDACTED] The Political Committee of the Arab League, now meeting in an atmosphere of angry tension in Jordan, may be expected to produce strong statements against Israel urging positive action short of war. Its members, aware of Israeli capabilities, are

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faced with the problem of devising a formula which will avoid military action and yet satisfy public clamor in the Arab countries. Extravagant demands for Western punitive action against Israel are likely to be one of the results.

The failure of the League, long criticized by the Arabs for its general uselessness in the Arab-Israeli dispute, and Western unwillingness to rebuke Israel in a way satisfactory to the Arabs will only intensify their frustration and resentment at the West. This will probably result in irregular violence against Israel and possibly in local explosions dangerous both to the Arab governments and to Western installations.

WESTERN EUROPE

6. Tito seen possibly receptive to UN call for Trieste conference:

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British ambassador Mallet in Belgrade, in a generally pessimistic telegram, states that Tito might not refuse to attend a conference on Trieste proposed in a UN resolution, even if vetoed by the Soviet Union.

Foreign Secretary Eden still feels that the 8 October decision must be maintained, and turning over the civil administration of Zone A to Italy without withdrawing the American and British troops should provide the most promising basis for convening the proposed conference.

Meanwhile, American military officials in Rome express increasing concern over the massing of troops along both sides of the Italo-Yugoslav border and the embassy urges that both governments be requested to withdraw their forces 25 miles from the frontier.

7. French Indochina policy seen depending on continuation of French Union:

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Ambassador Dillon sees little chance that the French government will get the necessary support for its present policy in Indochina unless

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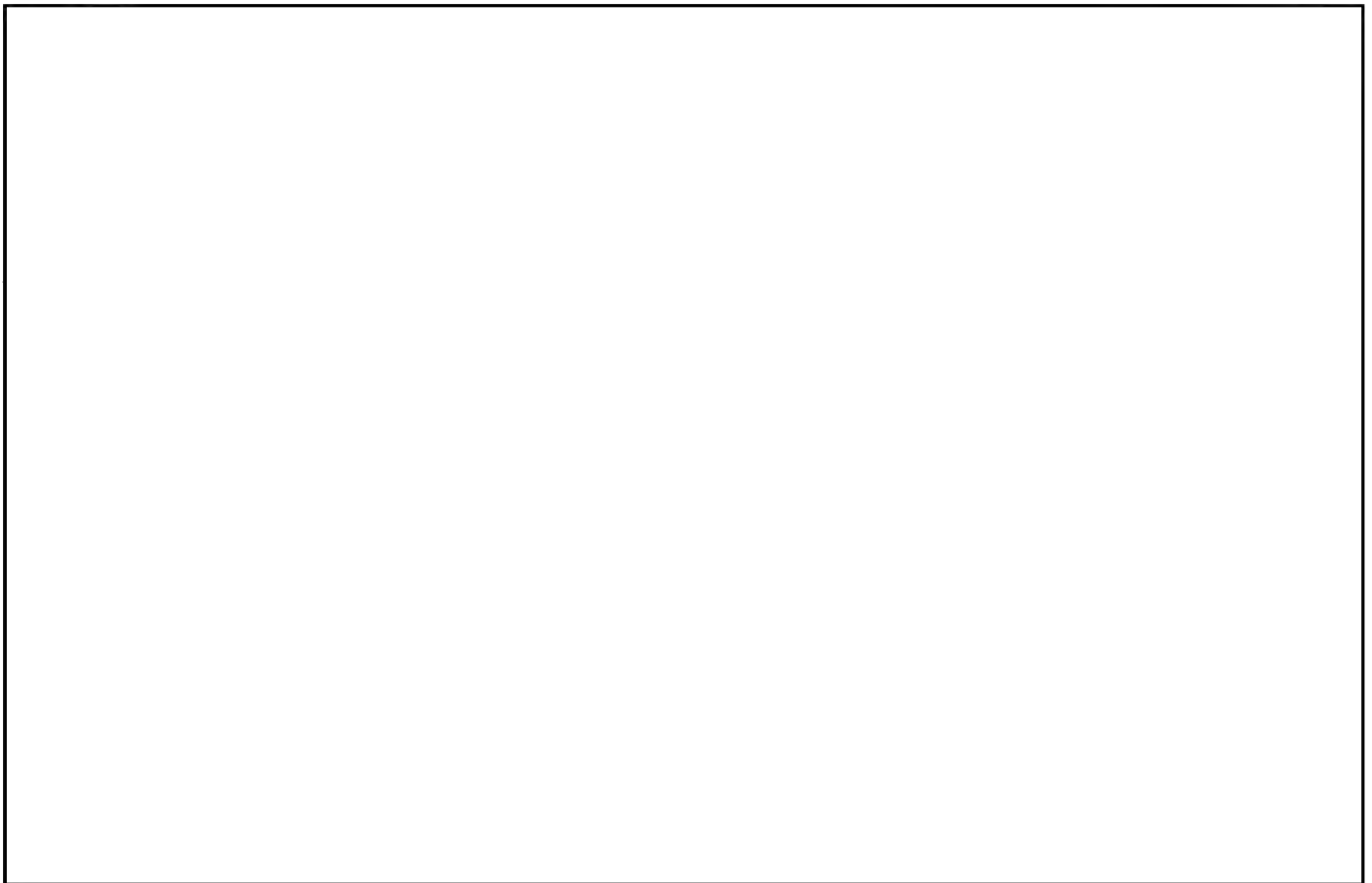
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there is hope of continuing the French Union. He expects the original Vietnamese National Congress resolution on the Union to cause even moderate deputies to waver in their support of the government on this issue.

Comment: Since Bao Dai is expected to issue a reassuring statement on Vietnamese adherence to the French Union, Laniel has a good chance to weather this storm. The debate, however, will bring increased attention to the French Union concept, which will be the crucial point in French-Vietnamese negotiations.

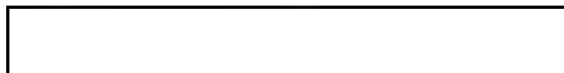
Such heightened French feelings may also create a serious threat to EDC ratification prospects by highlighting France's difficulty in reconciling its overseas responsibilities with participation in European integration schemes.

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